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21 September 1956

MEMORANDUM FOR: Chief of Foreign Intelligence

SUBJECT : Project AEBATH (Renewal)

1. The attached project, originating in the SR Division, provides for the acquisition of CE information on Ukrainian emigre groups and the development of leads on RIS activities. It is presented for your approval of renewal for the period 1 August 1956 through 31 July 1957.
2. Authority is requested to obligate \$ 7,300 from the DD/P-SR Division budget: \$ 6,862 for the current fiscal year for which funds are available, and \$ 438 for the 1952 fiscal year, subject to the availability of funds.
3. There is attached a memorandum prepared by the SR Division summarizing the important factors involved and giving a detailed breakdown of the funds requested for the renewal period.
4. I recommend renewal of Project AEBATH as presented.

Chief, FI/OPS Division

Approved:

Chief, FI

5 Dec 56
Date

Attachment: Project Outline AEBATH

Staff Coordination:

For C/FI/OPS

s/

C/CI/Oa

s/

C/CI/OPS

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DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

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PROJECT OUTLINE

CRYPTONYM AEBATH
AREA DIVISION SR
STATION MUNICH

HEADQUARTERS CASE OFFICER:
[]
Room No. 1510-J
Extension 3945
Date: 20 July 1956

The attached Project Outline is presented for renewal.

SL/COF/CE []

[]
Branch Chief
[]
Chief of Operations, SR
[]
Area Division Chief
3 August 1956
Date

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20 July 1956

MEMORANDUM FOR : Chief of Foreign Intelligence
SUBJECT : Renewal of Project AEBATH
REFERENCE : See Attachments

1. It is requested that Chief, Foreign Intelligence, approve renewal of Project AEBATH for the period 1 August 1956 through 31 July 1957, with an authorization of \$11,300.00.

2. BACKGROUND: In last year's request for renewal of Project AEBATH, Headquarters proposed that the AEBATH principal agent, AEC FELIN, be transferred from Germany to France. The field disagreed, and asked Headquarters to reconsider this transfer for the following reasons:

- a. In the Munich area, his contacts were well established and productive.
- b. His coverage of the emigration was too extensive to be duplicated by even the best efforts of other Munich sources, and AEC FELIN himself could not suggest a possible successor.
- c. AEC FELIN provided extensive background information that has proved most useful in confirming and amplifying information from KUBARK-controlled double agents and other sources.
- d. AEC FELIN was involved in a case concerning an emigre who had been apprehended by local authorities while passing intelligence material concerning agents of this and other intelligence services to a Soviet courier (details in paragraph 5. a. below).

3. PERSONNEL: Since last year's renewal, there have been no terminations or additional assignments of agent personnel within the project.

4. PURPOSE: There has been no change regarding the objectives of the project. Its purpose remains the acquisition, through AEC FELIN, of CE information which will enable us to penetrate by clandestine means any level of foreign intelligence services (primarily Soviet) for the purpose of halting, monitoring and/or controlling their activities.

5. PRODUCTION: In terms of counterespionage, definite progress has been made in furtherance of the aims of the Station's related Mission Directive. Since AEC FELIN's primary responsibilities are as a CE

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Informant in West Germany, he has had no access to and hence has produced no Positive Intelligence information. The following are examples of AECAPELIN's supporting role in helping to reach our intelligence objectives.

a. AECAPELIN was chiefly responsible for supplying evidence against an emigre, and anti-American journalist with numerous intelligence connections. As a result of AECAPELIN's information, the emigre was apprehended by the local police at the moment he made clandestine contact with a Soviet courier. Despite the incriminating evidence which we passed on to the investigating body, the case was not effectively prosecuted because of support the emigre received from influential members of a major political party in Germany. Subsequent to his release, however, the emigre renewed his acquaintance with AECAPELIN, confiding to him once again on matters of intelligence. It is therefore assumed that the emigre is not aware of AECAPELIN's clandestine participation in the affair.

b. A long-time counterespionage informant, Subject continues to supply such information on Soviet and emigre affairs. Following a recent trip to Austria, he prepared informative reports on Soviet espionage and emigre activities in that country. These reports were translated and passed to the Austrian Desk as an aid to its operations in the emigre field. The Desk found the reports to be worth while, and is forwarding copies to its field bases.

c. Subject provided information on the whereabouts of a Soviet emigre who allegedly fled British custody and who is suspected of being a Soviet courier-agent possessing data prejudicial to one of our CE operations. Recently, AECAPELIN again journeyed to Austria with important officials of an emigre organization. While there, he plans to investigate the disappearance of the above courier. Since he also enjoys the confidence of the emigre officials with whom he is travelling, it is expected that he will also obtain additional CE information on particular segments of the emigration in which we are interested.

d. As a result of AECAPELIN's close association with the security staffs of various emigre organizations, we have received valuable information regarding their security organs, personalities and methods of operation. The penetration of these emigre groups through Subject has enabled us to combat more effectively the penetration of these American-sponsored units by hostile intelligence services.

e. Numerous counterespionage and operational leads were supplied by AECAPELIN during this period. In all cases where leads emanated from or led to other areas, appropriate Headquarters Desks were informed.

f. Since AECAPELIN provides us with copies of all material passed to his UPSWING case officer, we have managed to monitor UPSWING interests in the emigre field. These interests include activities of emigre political organizations, religious affairs, emigre economic problems, emigre personalities, etc. This material is disseminated to or coordinated with the interested Headquarters Desk.

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6. G. ASCAPPELLI has been valuable in supplying CE data that has been used in support of several SR (CE, PP and PI) projects, e.g., AEQUOR, AEODYNATIC, C and AEODATHAGE. This political, biographic and operational material was also used as a means of confirming such information provided by other intelligence agents, for providing information for customer-agency name check requests, as a means of double-checking defector biographical reports, as an aid in our propaganda effort, etc.

h. In view of ASCAPPELLI's intelligence background, and his keen grasp of political, religious and economic situations, he has proved himself extremely helpful in his ability to predict Soviet intentions and interpret and constructively criticize Soviet policy. This has been especially true in our efforts to combat the machinations of the Soviet defection committee in East Germany.

6. PLANS: Once again, serious consideration is being given to the transfer of ASCAPPELLI from Germany to another area, since we believe he has more than his productivity in Germany and can be more profitably exploited in a newer and more fertile area. Paris and Istanbul are presently under consideration, the latter because of the possibility of countering KIS efforts against the Church. Until a definite decision is made, he will continue to collect intelligence and operational information in the French area.

7. SECURITY: The activities of this highly-regarded informant underwent an investigation and re-evaluation during this period because of a tenuous suspicion that he might be playing another Western intelligence service against ours. As a result, ASCAPPELLI was subjected to a Technical Interview and an Interrogation. The purpose of the Technical Interview was to help bring Subject's file up to date, to ascertain the exact nature of his relationship to other Foreign intelligence services, certain suspected entities, and other suspected intelligence personalities. The following comment was made by the polygraph operator and those conducting the interrogation: "Analysis of the graphs and interviews did not indicate attempts at deception by Subject to the questions asked although all of the reactions to the questions asked were not fully resolved."

8. COVER and CRYPTOL: Control is exercised over Subject by monetary considerations and his desire to emigrate to the United States. Subject is also ideologically motivated against Communism, which he has been fighting actively for over 20 years. Subject is by inclination and past experience a professional intelligence man, whose religious profession continues to provide him with a natural cover for this type of profession.

9. FINANCES: The financial status of this project was checked with the SR Budget Office and it was revealed that the Field is overdrawn by thirty-odd dollars. It is believed that the overtrading of funds is attributed to financial paperwork rather than an actual overpayment, since it appears that a double allocation of salary has

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taken effect; the error is presently in the process of being corrected. However, should this overpayment prove to be a true situation, this office will remedy the situation by possibly taking advantage of CSI-236-1, Annex D.

Increase Request: It has been determined that in order to more effectively and professionally contact AECAPFLIN, more stringent security measures should be taken. In the past, it was customary to conduct personal meetings on park benches, public cafes, in automobiles and other places somewhat vulnerable to opposition surveillance. It is deemed more secure, desirable and effective to conduct the personal meetings in a safe apartment. A total of \$4,000.00 has been determined as sufficient funds to meet the needs initially and \$1,500.00 per year thereafter to cover normal maintenance. A breakdown of the above figure is presented herewith.

Key Money	\$1,200.00
Realty Fees	85.00
Rental @ \$75.00 per month	540.00
Telephone @ \$25.00 per month	300.00
Heat @ \$15.00 per month (6 months)	90.00
Gas and Electric @ \$10.00 per month	120.00
Salary @ \$50.00 per month (2 keepers)	1,200.00
Furniture	400.00
Incidentals	65.00
TOTAL	\$4,000.00

*cut per
agreement with
ok. 29 Nov 56*
(initials)

Estimated Annual Cost:

a. Salary paid locally @ \$200.00 per month in local currency.	2,400.00
b. Salary in escrow @ \$200.00 per month.	2,400.00
c. Purchase of information and allied operational expenses	1,000.00
d. Travels directed by the case officer.	750.00
e. Contingency fund for transfer of AECAPFLIN and effects to another country	300.00
f. Key money for living quarters in another country.	150.00
g. Material	300.00
TOTAL	\$7,300.00

The breakdown concerning the safe apartment was discussed with the Representative of the EE/G CAUDO Project, who is completely familiar with this particular and he agreed the amounts are

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in accord with their own estimates. No final allocation of funds for this purpose will be made until discussion between Headquarters and the Field has resolved definitely that he will be in Germany for at least the next year or so (see paragraph 6 above).

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23 July 1956

MATERIEL AND FACILITIES REQUIREMENTS ANNEX

PROJECT AEBATH - FI

I. MATERIEL

A. Offshore

	FY 57	FY 58	Total
1. Furniture, for safe apartment	400.00	---	400.00
2. General, office, and photographic supplies	<u>300.00</u>	<u>---</u>	<u>300.00</u>
Total	\$700.00	---	\$700.00

II. FACILITIES

A. Offshore

	Unit	Qty	Unit Price	FY 57	FY 58	Total
1. Rental of safe apartment	month	12	45.00	495.00	45.00	540.00
Key money				1200.00	---	1200.00
Telephone	month	12	25.00	275.00	25.00	300.00
Heat	month	6	15.00	90.00	---	90.00
Gas and Electricity	month	12	10.00	110.00	10.00	120.00
2. Key money, for rental of safe apartment if activity changes location				<u>150.00</u>	<u>---</u>	<u>150.00</u>
Total				\$2320.00	80.00	\$2400.00

III. SUMMARY - The logistics support for Project AEBATH - FI as submitted for renewal for the period 1 August 1956 through 31 July 1957 consists of \$700 for materiel and \$2400 for facilities.

APPROVED:

Chief, SR/Logistics

SR/Logistics Liaison Officer